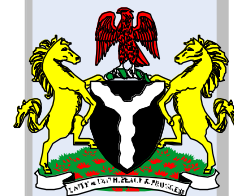


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# GUIDELINES FOR THE OPERATIONS AND SUPERVISION OF THE PENSION TRANSITIONAL ARRANGEMENT DEPARTMENT (PTAD)

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National Pension Commission

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## **1.0 BACKGROUND**

- 1.1 Sections 30 and 31 of the Pension Reform Act 2004 (PRA 2004) provides for the establishment of the Pension Transitional Arrangement Department (PTAD) and the FCT Pension Transitional Arrangement Department. These departments were given the responsibility of overseeing the management of pension under the defined benefit scheme for pensioners not transiting to the Contributory Pension Scheme.
- 1.2 Section 30(4) of the Act also specifies that the PTADs shall operate under the rules, regulation and directives made by the National Pension Commission (hereinafter referred to as the Commission) from time to time. These guidelines are therefore issued to specify minimum basic operational requirements to assist the PTAD in achieving its objectives as spelt out by the PRA 2004.

## **2.0 OBJECTIVE**

- 2.1 The objective of these guidelines is to set minimum standards necessary for the transparent and efficient operations of the PTAD. The guidelines, while stipulating basic operational standards, shall also ensure an effective supervision of the PTAD by the Commission.

## **3.0 OPERATIONAL GUIDELINES**

### **3.1 General Functions of the PTAD**

3.1.1 In line with Sections 32 - 34 of the PRA 2004 (as amended), the PTAD shall have the following responsibilities:

- i) Carry out the functions of the relevant Pension Boards or Offices in the Public Service of the Federation;
- ii) Make budgetary estimates for all Federal Government pensioners under the Defined Benefit Scheme (DBS);
- iii) Maintain a robust database of all Federal Government pensioners under the DBS.
- iv) Carry out regular verification exercises to determine the alive status of pensioners under the DBS and update the pensioners payroll accordingly.
- v) Ascertain deficits in pension payments, if any;
- vi) Ensure the payment of pension and outstanding retirement benefits to FGN pensioners under the DBS;
- vii) Carry out such other functions aimed at ensuring the welfare of pensioners as the Commission may, from time to time, direct; and
- vii) Render returns on its activities to the Commission, in line with the provisions of the PRA 2004.

### **3.2 Office Locations**

3.2.1 The PTAD shall maintain its head office in the Federal Capital Territory and shall ensure that it has functional liaison offices in each of the State Capitals of the Federation.

3.2.2 Pursuant to 3.2.1, the PTAD shall secure properties in such locations that will be conducive for its operations.

### **3.3 Minimum Requirements for Top Management**

3.3.1 The Departments of the PTAD shall be headed by officers not below the rank of Director or its equivalent.

3.3.2 The Directors shall, in the minimum, hold first degrees or its equivalent and shall have at least 15 years working experience, 3 years of which must have been in management position.

3.3.3 Notwithstanding 3.3.2, a person being considered for appointment as a Director must be of proven character and integrity. Such persons shall undergo the fit and proper person's assessment conducted by the Commission.

3.3.4 Pursuant to 3.3.3, the PTAD shall, in writing, request the Commission's approval of any appointment to the grade of Director within the PTAD.

### **3.4 Minimum IT Requirements**

3.4.1 For the PTAD to function effectively, ensure the integrity of the pensioner database and interface with the Commission, its processes must be computerized.

3.4.2 The PTAD shall therefore deploy IT infrastructure that ensures efficiency, transparency and accountability.

3.4.3 Such IT infrastructure shall in the minimum have the following functionalities/features:

- i) PC to employee ratio of 1:1, which should all be hosted on a secure network.
- ii) Adequate capacity to accommodate the database of all pensioners of the relevant government agencies. The capacity should also be scalable to accept any future entrants.

- iii) Seamless interface with a suitable pensioner verification application.
- iv) Capacity to retain biometric data i.e. photo, thumbprint or photo of iris
- v) Most modern anti-virus and intrusion detection system.
- vi) Web capability.
- vii) Interface with GIFMIS.
- viii) Ability to generate audit trail.
- ix) Ability to back up data on a real-time basis.

3.4.4 The PTAD should also have a suitable business continuity and disaster recovery site.

3.4.5 The PTAD should take out an insurance cover for its IT infrastructure.

3.4.6 The above notwithstanding, the PTAD shall ensure that its IT infrastructure is also able to perform the following functions:

- i) Enroll pensioner biometric details
- ii) Upload digital copies of pensioner supporting documentation
- iii) Generate unique identification number for each pensioner
- iv) Prevent multiple enrolment using biometrics
- v) Prevent pensioners from uploading identical details such as account numbers
- vi) Compute pensions using defined business rules
- vii) Update business rules
- viii) Categorise pensioners
- ix) Apply harmonisation and pension increases across identified categories
- x) Make payments for only pensioners with captured biometric details
- xi) Stop payments to unverified pensioners.
- xii) Send SMS to pensioners as notification for events such as payments
- xiii) Send email notifications for events

- xiv) Integrate with a document management system
- xv) Record, escalate and resolve pensioner complaints.

3.4.7 The PTAD should have an IT governance team, which shall be responsible for monitoring the operational efficiency of the PTAD viz-a-viz its IT dependent activities. The team which shall comprise the management of the PTAD shall be responsible for the following:

- (i) Ensuring the alignment of IT strategy with PTAD's operating strategy and model;
- (ii) Reviewing and approving IT strategy, policies and procedures;
- (iii) Monitoring the operational efficiency of IT in the PTAD;
- (iv) Monitoring supplier and service performance;
- (v) Ensuring compliance with risk management policies and processes;  
and
- (vi) Ensuring proper management of IT infrastructure.

### **3.5 Minimum Records/Requirements**

3.5.1 The PTAD shall maintain complete, authentic and updated records of pensioners under its purview. It shall also maintain adequate records of all transactions that would reflect a true state of affairs for any given period of time.

3.5.2 The pensioners' records mentioned in 3.5.1 above shall include biometric information, employment and retirement records, which shall be maintained in a robust database as well as in individual files.

3.5.3 The database shall, in the minimum, contain the following:

- i) Unique Pension Identity Number;
- ii) Full Name of Pensioner;

- iii) Date of Birth;
- iv) Pensioner's Gender
- v) Date of First Appointment (DoFA);
- vi) Date of Retirement (DoR);
- vii) Salary Structure at Retirement;
- viii) Rank/Grade Level and Step at Retirement;
- ix) Current Monthly Pension;
- x) Bank Details (bank name, branch address, account number and branch sort code);
- xi) Ministry /Agency from where a pensioner retired;
- xii) Records of the Next of kins (name, phone number, address and relationship).

3.5.4 The individual pensioners' files maintained by the PTAD shall contain all necessary documents which, in the minimum, shall include the following:

- i) Letter of first Appointment;
- ii) Confirmation of Appointment;
- iii) Last promotion letter;
- iv) Record of Service;
- v) Letter of Retirement from service;
- vi) Computation Sheet;
- vii) Passport Photograph.

3.5.5 In order to ensure longer and more efficient retention of records, electronic copies of all pensioners' files shall be maintained.

3.5.6 In addition to the records specified in 3.5.4 above, the PTAD shall also maintain adequate records of financial transactions, which should include the following:

- i) Monthly pension payments;
- ii) Pension arrears (if any);
- iii) Date of last payment;



- iv) Gratuity in arrears (If any);
- v) Date due for payment;
- vi) Annual budgetary estimates submitted;
- vii) Approved budgetary allocations;
- viii) Budgetary releases;
- ix) All expenses of the PTAD.

3.5.7 All records must be kept in the English Language while all financial transactions must be done in Naira (₦).

### **3.6 Pension Administration**

3.6.1 Pensioners Enrollment – Pursuant to Sections 3.5.2 and 3.5.3 of these guidelines, the PTAD shall carry out an initial pensioner enrollment. It shall ensure that the authenticities of all pensioners' records are fully established prior to the registration of the pensioners on the PTAD database. In the case of deferred pensioners, the database should flag their records pending when they become eligible to receive pension.

3.6.2 Continuous Verification – Subsequent to the initial verification of pensioners, the PTAD shall conduct, on a periodic basis, continuous verifications for already verified pensioners whose records and biometrics have been inputted into the database with a view to determining their alive status. Such verification should be conducted annually, in the minimum. To this end the PTAD shall put in place a system for continually verifying already enrolled pensioners. Such a system should allow for the verification of pensioners at their own convenience and should be based on their presentation of an approved mode of identification at their various pay points i.e. banks. The Pensioners Payroll must be updated to reflect the outcomes of such continuous verifications. Accordingly, the PTAD shall ensure that all pensioners who are not so verified are suspended from the payroll pending the confirmation of their aliveness or otherwise.

3.6.3 Payment of Pension - The PTAD shall superintend over the payment of pensions to already verified pensioners. In this regard, it shall maintain a comprehensive and authentic pension payroll based on an updated database. It shall also automate the process of determining pension benefits that shall effectively eliminate delays and errors. The pension payroll shall be prepared on a monthly basis and payments shall be effected by the OAGF, directly to the pensioners' bank accounts, using the GIFMIS platform. The PTAD shall ensure that only verified pensioners are included in the payroll.

3.6.4 Pensioner Complaints Management - The PTAD shall establish pensioners' complaints help desks in all its liaison offices that would be responsible for the resolution of pensioners' complaints. The help desks shall track and resolve issues experienced by pensioners and also provide the necessary feedback to the PTAD Head Office. In this regard, the PTAD shall deploy a well equipped call centre, which shall in the minimum meet the following requirements:

- i) Technology to handle telephone calls with Automatic Call Distribution (ACD)
- ii) Interactive Voice Response (IVR) system.
- iii) Computerised Telephony Integration
- iv) Ability to record calls
- v) A Customer Complaints Management System (CCMS) to capture all data and convert same to actionable information.

### **3.7 Budgeting and Utilization**

#### **3.7.1 Budgeting**

In line with the provisions of the Pension Reform Act 2004, specified that the PTAD shall make budgetary estimates for existing pensioners.

Accordingly, the PTAD shall prepare annual budgetary estimates for verified pensioners, which shall be complete and accurate. In preparing the budget, the PTAD shall take into account financial requirements for future pension payments and shall also compute the financial implication of wage increases as required by Section 173 (3) of the 1999 Constitution (as amended).

All budgetary estimates for pension payment shall be based on the entitlements of verified and enrolled pensioners who have been duly captured in the consolidated database of the PTAD.

The PTAD shall also prepare budgetary estimates covering its personnel costs, operating costs and capital expenditure.

Budgetary estimates prepared by the PTAD shall be reviewed by the Commission for accuracy and completeness. Only budgetary estimates which have been reviewed and endorsed by the Commission may be presented to the Ministry of Finance for consideration.

### 3.7.2 Budget Utilization

The budgeted funds for the payment of pensions shall be kept separate and distinct from the funds for the PTAD's operations. Accordingly, the PTAD shall open and maintain two separate and dedicated accounts with the CBN for the receipt and utilization of funds for its operations and for the payment of pensions.

All pension payments shall be made directly from the dedicated pension account with the CBN to the individual pensioners' bank accounts, in line with the requirements of Section 3.6 of these guidelines.

## **4.0 REPORTS TO THE COMMISSION**

### **4.1 Statutory Returns**

4.1.1 In accordance with Section 35(1) of the Pension Reform Act 2004, which specifies that the Commission shall regulate and supervise the activities of the PTAD, the PTAD shall, on a regular basis, render periodic reports on its activities to the Commission.

4.1.2 In line with 4.1.1, the following reports shall be rendered by the PTAD to the Commission:

- i) Report on Initially Enrolled Pensioners - Upon the conclusion of the initial pensioner enrollment exercise, the PTAD shall, within a period of not more than 2 months, forward to the Commission a report detailing all initially enrolled pensioners. The report, a format of which is attached herewith as Appendix 1, shall be one-off and should capture the following details:
  - a) The unique identification number for each pensioner generated from the enrollment exercise.
  - b) The pension department under which the pensioner falls.
  - c) The names of the pensioners, i.e. the surname, first name and middle name (if any) which shall be disclosed in separate columns as specified in the template attached to these guidelines.
  - d) The pensioners' date of birth
  - e) The gender of the pensioner
  - f) The date of first appointment, which shall be the date the pensioner gained pensionable employment with Government.
  - g) The pensioners' date of retirement
  - h) The pensioners' salary structure, which shall be the applicable salary structure at the point of retirement.

- i) The salary grade level and step on which the pensioner retired
  - j) The calculated monthly pension for each pensioner.
  - k) The outstanding pensions owed to each pensioner (where applicable).
  - l) The outstanding gratuity owed to each pensioner (where applicable).
  - m) The total outstanding pension liability owed each pensioner which shall be a summation of items k and l above.
- ii) Report on New Enrollments – Giving the fact that the initial pensioner enrollment exercise would not be all encompassing as there are bound to be absentee pensioners (including pensioners in the Diaspora) who have to be enrolled after the exercise, the PTAD shall, on a monthly basis, forward to the Commission a report on all new enrollments of pensioners on to the database. The report, a format of which is attached herewith as Appendix 2, should capture all the details highlighted in 4.1.2 (i). Where there are no new enrollments, the PTAD shall render a Nil report.
- iii) Report on Verification for Enrolled Pensioners – In line with Section 3.6.2 of these guidelines, the PTAD shall render to the Commission a report on the continuous verification of already enrolled pensioners. Such report, a format of which is attached herewith as Appendix 3, shall capture the following details:
- a) The unique identification number for each pensioner
  - b) The pension department under which the pensioner falls.
  - c) The names of the pensioner (as highlighted in 4.1.2(i)(c))
  - d) The gender of the pensioner

- e) The outstanding pension liability owed to the pensioner which shall be a summation of the outstanding monthly pension and gratuity (if any).
- iv) Report on Monthly Pension Payments – The PTAD shall render, on a monthly basis, a report on the monthly payment of pensions to verified pensioners. The report, a format of which is attached herewith as Appendix 4, shall capture the following details:
- a) Unique identification number for each pensioner
  - b) Pension department under which the pensioner falls.
  - c) Names of the pensioner (as highlighted in 4.1.2(i)(c))
  - d) Gender of the pensioner
  - e) Amount paid to each pensioner as pension for the month.
  - f) Amount paid to each pensioner as outstanding gratuity (where applicable)
- v) Report on Payments of Death Benefits - The PTAD shall annually render a report on the payment of death benefits to Next-of-Kins (NoKs) of deceased pensioners with outstanding entitlements. The report, a format of which is attached herewith as Appendix 5, shall capture the following details:
- a) Unique identification number for the deceased pensioner
  - b) Pension department under which the pensioner fell.
  - c) Names of the pensioner (as highlighted in 4.1.2(i)(c))
  - d) Deceased pensioner's date of death
  - d) Names of the NoK in the same format as (c) above
  - e) Telephone number of NoK

- f) The outstanding pensions owed to each deceased pensioner
  - g) The outstanding gratuity owed to each deceased pensioner (where applicable).
  - h) The total death benefits paid to each Nok which shall be a summation of items f and g above.
- vi) Report on the Receipt and Utilization of Budgetary Allocations - The PTAD shall, on a quarterly basis, avail the Commission with a report on its receipt and utilization of budgetary allocations from Government. The report, a format of which is attached herewith as Appendix 6, shall highlight the following details:
- a) Date budgetary Allocation was received
  - b) Amount received as budgetary allocation
  - c) Amount utilized for the payment of pensions and gratuities
  - d) Amount utilized for PTAD operations

4.1.3 All reports shall be prepared and forwarded using the Commission's Risk Management and Analysis System (RMAS).

## **4.2 Other Information Required**

4.2.1 Section 4.1 notwithstanding, the PTAD shall without hesitation make available to the Commission, both in hard and soft copies, any other information which it may require from time to time including information on its fixed assets, procurements and Human Resources Management.

## **5.0 REVIEWS AND ENQUIRIES**

5.1 These guidelines shall be subject to review by the Commission from time to time as the need arises.

5.2 All enquiries regarding these guidelines are to be directed to the Director General, National Pension Commission.